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ILLINOIS HISTORICAL SURVEY

MESSAGE

of

Governor Dwight H. Green

to

64th GENERAL ASSEMBLY

in

SECOND SPECIAL SESSION

JULY 23, 1946

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Mr. Speaker, Mr. President, Members of the Sixty-fourth General Assembly:

I have called you into Special Session today in order that you may consider the very grave situation which exists in many Illinois cities as the result of the sudden termination of rent control, and that you may take prompt and effective action to prevent the eviction of thousands of families from their homes. The call for this session has been limited to this single subject, because the simple legislative program which I am recommending to you must be enacted immediately if it is to be effective in the emergency.

As you know, the regulation of residential rents by the Office of Price Administration, which prevailed in the larger and many of the smaller cities of Illinois, was suddenly terminated on July 1, when the President of the United States vetoed the Bill extending the authority of the Office of Price Administration beyond that date. This not only removed rental ceilings established by the OPA, but immediately terminated thousands of leases and agreements which specifically provided that they should become void with the expiration of federal rent regulation.

This gave property owners and managers the right to demand possession of the premises and to negotiate new terms of rental. This occurred at a time when there is an acute housing shortage throughout Illinois, first, because of the almost complete stoppage of home building during the war and, second, because the lack of building materials has effectually prevented any extensive construction of resident property in this first year of peace. The efforts of the federal government to stimulate the production of building materials so far has failed to increase substantially the available supplies of those materials or to stop black market trading in them. Many other factors, including dissatisfaction with OPA rent regulations and uncertainty as to its future, have operated to discourage the investment of capital in new houses or apartments for rental.

The net result of the situation was to place all our citizens who live in rental housing practically at the mercy of the owners or managers of such property. In Chicago and many other of our larger cities these citizens constitute a majority of our entire population. The family income of most of these citizens has remained stationary, or actually declined, since the end of the war while general living costs have mounted steadily. Accordingly, it would be practically impossible for these families to meet sudden demands for greatly increased rentals for the homes they now occupy; and if forced to move, it would be utterly impossible for them to find other quarters, not only at rentals within their income but at any price.

A large number of Illinois landlords have realized the facts in the situation and have patriotically refrained from abusing the advantage which they now hold over their tenants. Despite the fact that

under OPA property owners have been denied even such increases in rent as would cover the increased cost of the service they furnish, many landlords and many community associations of real estate men adhered to a policy of awaiting final action on proposals for the re-establishment of federal rent control and have refrained from demanding exorbitant increases in rent.

Unfortunately, however, thousands of landlords have not followed that policy. In the first few days of July many thousands of Illinois families were served with eviction notices demanding that they move from their homes within thirty days. Those eviction notices will begin to expire on July 31; and thereafter, unless the General Assembly adopts emergency legislation to prevent, the property owners may proceed, through the courts, to evict the present tenants and obtain possession of the premises which they own. The inevitable result would be extreme hardship on thousands of men, women and children thus made homeless, and general confusion which would endanger public order and prosperity in many communities. This we can—and should—prevent.

I have followed this situation closely ever since the President vetoed the OPA extension bill on June 29. In the early days of July I was re-assured by the statements of leaders of both parties in Congress and by those who had taken opposite positions on the controversial phases of the OPA legislation, that they favored the re-establishment and extension for some considerable period of federal rent controls. My own conferences in Washington last week convinced me that a vast majority of the members still favor such legislation. However, the enactment of any federal rent program has been effectively delayed by its involvement in the bitter controversy between the President and the Congress over the President's insistence on the retention of other phases of OPA which the Senators and Representatives find unacceptable because they are opposed by their constituents. Thus, at the present time there is no certainty when federal control of rents will be re-established, and it is extremely doubtful if it will be accomplished before August 1.

From the start I have realized the obligation of the State government to protect its citizens in this emergency should the impasse in Washington continue. On July 10 I stated that if Congress failed to act within ten days, I would take the necessary legal steps to effectuate a moratorium on evictions in Illinois. My call for this session was issued when the ten days expired without action by the Congress.

Therefore, I strongly suggest to you the prompt enactment before the end of this month of bills which will be offered to enable the courts in Illinois to grant stays of execution for periods up to one year in actions for evictions, under which tenants would be permitted to remain in possession of their homes upon payment of the rentals prevailing during the month of June, except that if the court holds the existing rate is unreasonable, it may fix a reasonable rate not to exceed ten per cent above that figure. There is a direct precedent for such legislation in the similar measure adopted by the 52nd General Assembly in 1921, and subsequently extended by other General Assemblies during the housing emergency that was by no means as acute as the one which confronts

us today. This measure seems absolutely necessary to avert widespread hardship and confusion.

The moratorium on evictions, however, will provide no relief for the thousands of Illinois families—largely those of returned veterans of World War Two—who presently do not have adequate housing and who are in dire need of finding homes. Therefore, another bill has been prepared which would freeze all rentals of residential property in Illinois which was rented prior to July. The freeze would apply to rentals for houses, apartments, hotel rooms, and rooms or apartments in residential hotels and rooming houses. Due consideration by leaders of the General Assembly has resulted in agreement that substantial justice to tenants and property owners will be done by limiting any increase in rents to an amount not exceeding ten per cent above the highest rate prevailing in June. This rent freeze would not apply to new housing completed and made available for rental after July 1. Hence, it should not deter, but rather stimulate, the investment of capital in rental housing as soon as necessary materials are available. This bill would become inoperative upon the re-establishment of any system of rent regulation by any agency of the federal government. In my best judgment, such federal action may still be expected at an early date.

The bills which have been drawn are emergency measures and properly provide that they will cease to be effective on July 1, 1947. This will permit the 65th General Assembly, at its regular session opening next January, to consider fully the future policy of Illinois in dealing with this problem. Certainly the only satisfactory ultimate solution of our housing difficulties will come from the construction by private enterprise of the adequate homes needed for our people, and therewith a return to the free exercise of all rights of landlords and tenants, with functions of government restored to their proper sphere of regulation to prevent fraud and to maintain public health and safety.

Meanwhile, we must not fail in our responsibility to the people to take this emergency action to avert suffering and chaos.

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